

# **Southern Energy Co-operative Ltd**

## **Second**

## **Annual Report**

### **1996**

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Southern Energy Co-operative Ltd has played an important role in the development of co-operative involvement in the electric industry.

The co-operative's continued existence has contributed towards maintaining a profile of co-operative activity in the electric industry.

#### **Co-operative Values and Principles**

Both Southern Energy Co-operative Ltd and Co-operative Energy Ltd are members of the Co-operative Federation of Victoria Ltd. This membership has reinforced the Federation's interest in co-operative involvement in the restructured electric industry.

Southern Energy Co-operative Ltd is also a member of Co-operative Energy Ltd which is an international affiliate of the USA National Rural Electric Cooperative Association.

#### **Limited Achievements**

Little has been achieved by Southern Energy Co-operative Ltd directly over the twelve months. The co-operative's membership and income has been stagnant and the Board has used the period to allow for and observe the impact of privatisation and the initiatives of Co-operative Energy Ltd and the Co-operative Federation of Victoria Ltd and, then, review and learn from the co-operative's experience and observations of these developments. At its meeting on 25 November 1996 four options were reviewed by the Board:

1. Maintain the status quo.
2. Generate activity and membership.
3. Merger or transfer engagements.
4. Wind-up co-operative.

The Board identified 2 as the preferred option based on the co-operative undertaking activity to generate membership and provide an income and increase membership activity.

#### **Board Meetings**

The Board met only four times during 1996 - 17 April, 29 April, 6 June and 25 November 1996. Director attendance records are as follows:

<b>Director</b>	<b>17 April 1996</b>	<b>29 April 1996</b>	<b>6 June 1996</b>	<b>25 November 1996</b>
Richard Greaves	Yes	Yes	Yes	Yes
David Griffiths	Yes	Yes	Yes	Yes
John Neve	No	Yes	No	Yes
Lois Wishart	Yes	Yes	No	Yes
Philomene Tenni	Yes	No	Yes	No
Bridget Croft	No	No	No	Yes
Maria Imrei	No	No	No	No

At the Board meeting of 25 November 1996 Maria Imrei was removed as a director, Bridget Croft resigned and Alexander Gourley was co-opted.

Board meetings are open to members. It was disappointing, therefore, that few members took the opportunity to attend meetings during 1996. Two notable exceptions were members Alexander Gourley and William McPherson.

The Board wishes to record its appreciation to Lois Wishart for allowing the use of the Central Park Cafe for its meetings.

At its meeting on 29 April 1996 the Board appointed Richard Greaves as Chairperson. Richard resigned as Chairperson at the 25 November 1996 meeting at which Alexander Gourley was appointed Chairperson after he was co-opted by the Board to replace Maria Imrei. Richard Greaves has also been actively involved in discussions with Co-operative Energy Ltd regarding energy/environmental audits. The Board wishes to record its thanks to Richard Greaves for his role as Chairperson. Richard Greaves continues as the co-operative's delegate to the Co-operative Federation of Victoria Ltd.

### **Growth Perspective**

The board considers that the co-operative's lack of growth is due to five inter-related factors:

1. A view that the co-operative's reason for existence ceased when it failed to stop the sale or acquire United Energy.
2. A view that the membership of Southern Energy Co-operative Ltd was in opposition to private ownership rather than in support of co-operative ownership.
3. A view that under private ownership of the electric industry there is no useful role for Southern Energy Co-operative Ltd.
4. The view that the co-operative is not currently providing a service for members but has aspirations for service provision in the future.
5. Electric consumers are protected from the impact of contestability and competition until 2000. It is not until then that consumers will realise the importance of power pricing, reliability and quality.

The establishment of Co-operative Energy Ltd and Southern Energy Co-operative Ltd has been in advance of their time and the Board is convinced that increasingly consumers will learn to understand and accept the necessity for co-operatives. While the Consumer Law Centre has had a continuing active role in the electric industry debate, the Victorian Council of Social Service and Environment Victoria have had a more limited contribution because of resource constraints. While the consumer protection work of these organisations is necessary, ultimately consumers will be best protected through self-empowerment through co-operatives.

There is increasing evidence that the established co-operative movement in Victoria realises that there is an opportunity for co-operatives and their members in the restructured electric industry - prompted substantially by the formation of three electric co-operatives: Co-operative Energy Ltd, Orbost Power Co-operative Ltd and Southern Energy Co-operative Ltd. The Co-operative Federation of Victoria Ltd has established an Electric Industry Co-operative TaskForce to identify and report on these opportunities.

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It is also interesting to note that in Canada and the USA the established co-operative movement is also examining new opportunities for co-operatives in purchasing electricity. In the USA the National Cooperative Business Association's CLUSA Institute for Cooperative Development has been a catalyst for meetings about the creation of electric purchasing co-operatives and the National Rural Electric Cooperative Association.

### **Future Prospects**

The Board is not overly ambitious for what can be achieved in 1997 but is committed to the relevance and future of Southern Energy Co-operative Ltd. The Board is committed to regular monthly meetings which will continue to be open to members. The Board will organise a workshop early in 1997 to identify how to generate what activity and membership. As with Board meetings, the workshop will be open for members to attend. The Board is also committed to ongoing membership of the Co-operative Federation of Victoria Ltd and Co-operative Energy Ltd.

We have observed with interest the establishment by the Co-operative Federation of Victoria Ltd and Co-operative Energy Ltd the Electric Industry Co-operative TaskForce. It is hoped that the TaskForce will be a catalyst for co-operative involvement in the electric industry.

The Board will also have to re-examine the co-operative's rules with the passing by the Victorian Parliament of a new Co-operatives Act - a major achievement for the Co-operative Federation of Victoria Ltd. Under the new Act, co-operatives will be required to provide new members with consolidated copies of their Rules. This is a practice already followed by Southern Energy Co-operative Ltd. Our Rules are already consolidated within one document.

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